

**THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2015-199-WS

IN RE: Application of Carolina Water
Service, Inc. for Adjustment of Rates and
Charges and Modifications to Certain
Terms and Conditions for the Provision
of Water and Sewer Service

TESTIMONY OF BOB GILROY
RESPONDING TO CUSTOMER
TESTIMONY AT THE PUBLIC
HEARING HELD IN COLUMBIA
ON NOVEMBER 17, 2015

1 **Q. Several customers at the public hearing in Columbia complained that CWS does**
2 **not have adequate cost controls. What is CWS doing to control costs?**

3 A. We take cost control seriously, and under the restructured company there has been a lot
4 of emphasis on the budgeting process and identifying opportunities for cost reductions. For
5 example, CWS is projecting to finish 2015 calendar year with its chemical costs reduced by
6 20% compared to 2014. This was a direct result of renegotiating bulk chemical costs with
7 suppliers in early 2015.

8 **Q. Peggy Burbage said that customers would be better served by a locally owned**
9 **company, rather than CWS which is owned by Utilities, Inc., which is headquartered in**
10 **Illinois. Do you agree with Ms. Burbage?**

11 A. No I do not. CWS is managed in state. The company has 45 full time employees in
12 South Carolina, and we do business with many more independent contractors. I have lived in
13 South Carolina for 37 years. There are many companies in South Carolina with out of state
14 owners such as BMW, Volvo, Michelin, The State Newspaper, and Duke Energy Carolinas, that
15 provide jobs, goods, and services, and are important to our community. CWS's parent company,
16 Utilities, Inc., is able to provide capital, technology, and management expertise that most in-
17 state water and sewer utilities cannot.

18 **Q. Several residents of Washington Heights expressed dissatisfaction with their water**
19 **service, and told the Commission that they desire to have fire hydrants in their**

1 **neighborhood. Please tell the Commission of CWS's work in Washington Heights since it**
2 **acquired the system.**

3 A. CWS has made many improvements to the Washington Heights water system since
4 acquiring it in 2003. In 2003, the system consisted of two small wells located under dilapidated
5 well buildings, and was severely under capacity resulting in frequent low pressure problems as
6 well as ineffective flushing. CWS reconstructed the two original well treatment buildings, and
7 purchased property and constructed a new third well with treatment building so as to improve
8 supply capacity.

9 Five new flushing points were also added for more effective flushing of the system. An
10 independent water testing firm conducted a water quality study, which resulted in polyphosphate
11 treatment being added to keep the iron (measured under EPA secondary contaminant levels)
12 sequestered within the water to keep it from 'dropping out' of solution. The hydro-pneumatic
13 tank is scheduled to be replaced in December 2015.

14 To improve flushing effectiveness, CWS is also establishing a supplemental
15 interconnection with the City of Columbia's water system on Briercliff Dr at Hardscrabble Road
16 which will be used during routine flushing of the distribution system and will provide water to
17 the community should there ever be a power outage resulting in the loss of the well supply.
18 CWS has received approval from the City of Columbia Engineering Department and a Permit
19 to Construct from DHEC regarding the interconnect and is waiting on the City to install the tap
20 on its main. This should have been completed at an earlier time, but the City was set back due
21 to its flood problems. The City anticipates installing the interconnect tap within the next few
22 weeks. The added flushing capacity should improve the quality of the water in Washington
23 Heights.

24

1 **Q. Can CWS provide fire hydrants to Washington Heights?**

2 A. No. Unfortunately, this system was designed as a well system with limited water
3 storage capacity and while there are six-inch water mains located within the distribution system
4 they are connected by smaller four-inch and two-inch mains that do not support fire flow and
5 could become damaged if utilized for that amount of water movement.

6 There are currently two full size hydrants located within the system that were installed
7 by the original owner but these are only used by CWS as flushing points. CWS has
8 communicated the location and purpose of these hydrants to the City of Columbia Fire
9 Department in order that it is aware that these are not fire hydrants and that pumper trucks
10 with independent water supplies must be used for emergency response.

11 **Q. Robert Stoddard complained of numerous boil water advisories in Washington**
12 **Heights. How many Boil Water Advisories have been issued to customers in Washington**
13 **Heights since January 1, 2014?**

14 A. Washington Heights was issued a Boil Water Advisory On May 31, 2014 which was
15 lifted on June 2, 2014. Customers in the neighborhood have received routine flushing messages
16 asking them to refrain from using water while mains are flushed, and Mr. Stoddard may be
17 referring to these notices.

18 **Q. Alberta Coit and Pearle Burrell, both customers in Washington Heights,**
19 **complained of discolored water with a bad taste and smell. Is this a problem in**
20 **Washington Heights and what is CWS doing to address it is?**

21 A. We have had some complaints of discolored or bad tasting water in Washington
22 Heights. As Ms. Coit acknowledged the discoloration is not continuous, but occurs
23 sporadically. Discoloration may be caused by system flushing, which can temporarily stir up
24 sedimentation in the water during the process. We notify our customers of system flushing so
25 that they will be aware of when it takes place and can plan accordingly. Again, the supplemental

1 interconnection with the City's water system and the polyphosphate treatment we recently added
2 should improve the quality our customers' water in Washington Heights.

3 **Q. Please respond to statements made by some customers that CWS is polluting the**
4 **Saluda River and is violating DHEC regulations.**

5 **A.** CWS's "I-20" sewerage treatment facility in Lexington County has a treated wastewater
6 discharge outfall line into the Lower Saluda River. It is operating in compliance with DHEC's
7 regulations. However, DHEC has given CWS notice that it intends to deny the company's
8 application to renew its NPDES discharge permit for the I-20 sewerage treatment facility. The
9 Congaree Riverkeeper has sued CWS contending that it should be required to connect the I-20
10 system to the regional facility of the Town of Lexington. CWS has repeatedly asked the Town
11 of Lexington for an interconnection but its requests have been denied. CWS is continuing
12 discussions with the Town of Lexington to seek ways to remove the current roadblocks and
13 resolve this environmental concern.

14 Customers' statements about CWS's environmental violations appear to be
15 based on media reports that have failed to provide appropriate context to CWS's
16 environmental record. CWS operates more than 130 water and wastewater systems in
17 South Carolina, far more than any investor owned utility in the state, and probably more
18 than any governmental entity or public service district. Water and wastewater operations
19 can instantly have violations, often due to no fault of the utility. For instance, a pump
20 could fail, or a contaminant could be detected at any time. The utility's response to
21 these violations is more important than their occurrence. Therefore, the absolute number
22 of violations is not as significant as the measures taken to address them. Also, when
23 faced with problems with systems CWS and its predecessor companies have responded
24 by expending significant capital and devoting the necessary personnel to resolve the

1 problems. We have no incentive to be out of compliance, and to the contrary, there is
2 every reason to be in compliance.

3 **Q. Chris Gordon, of the Rollingwood subdivision in Lexington, stated his belief**
4 **that CWS is having to reline the clay pipes in his subdivision in order to make up**
5 **for years of neglect. Is this true?**

6 A. No. The work in Mr. Gordon's neighborhood resulted from an infiltration and
7 inflow investigation of the gravity mains in Rollingwood which was conducted in 2012. It was
8 determined that approximately fifty percent of the existing clay mains would benefit from CIPP
9 (cured in place piping) in order to reduce infiltration in locations that are predominantly in a
10 wetlands area. CWS completed this work after the 2013 rate case. Aside from the CIPP work,
11 CWS has maintained both the sewer and distribution system within the community, including
12 lift station rehabs, manhole rehabs, tap replacements, water service line replacements.

13 **Q. Mr. Gordon also complained of sanitary sewer overflow in his yard. What**
14 **happened?**

15 A. Mr. Gordon's sewer drain line from his house was mistakenly closed off at the
16 main by the lining contractors when they were performing the system CIPP work near
17 his property. Mr. Gordon contacted us when sewerage drained onto his property out of
18 the cleanout valve in his back yard. We immediately contacted the contractor who
19 revisited Mr. Gordon's property and made all necessary clean up and corrections. I,
20 along with our Project Manager, David White, met with Mr. Gordon on his property
21 after the contractors had corrected the mistake to make sure everything was OK. Mr.
22 Gordon indicated that he was satisfied.

23

VERIFICATION

Being duly deposed and sworn, I, Robert Gilroy, state the accompanying testimony was prepared under my direction and supervision is true and correct to the best of my knowledge, information, and belief


Robert Gilroy

Sworn and subscribed before me this 20th day of Nov., 2015


Notary Public

My Commission expires: